

SENATE BILL REPORT

SB 5761

As of November 28, 2011

Title: An act relating to management and consolidation of information technology.

Brief Description: Addressing management and consolidation of state information technology.

Sponsors: Senator Pridemore; by request of Governor Gregoire.

Brief History:

Committee Activity: Government Operations, Tribal Relations & Elections: 3/24/11.

Brief Summary of Bill

- Creates the Office of the Chief Information Officer (Office of CIO) within the Office of Financial Management.
- Creates an Information Technology Advisory Board to advise the Office of CIO on information technology issues.
- Eliminates the Information Services Board.
- Replaces the Department of Information Services with the newly created Consolidated Technology Services Agency (CTS Agency).
- Creates a Consolidated Technology Services Agency Board that, among other things, approves the catalog of services offered by the CTS Agency and the rates for such services.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

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Background: The Department of Information Services (DIS) was formed in 1987 through the consolidation of the state's four independent data processing and communications systems. DIS is a cabinet-level agency that provides technology-based services to state agencies and local governments, as well as public benefit nonprofit corporations, on a cost-recovery basis. Some examples of the type of services that DIS provides include (1) telecommunications or computer services; (2) procurement of technology equipment through

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master contracts; (3) information technology support; and (4) other related technology-based products and services.

State agencies may procure information technology services through DIS, but are not required to do so if other alternatives are more cost effective or provide better service.

The Information Services Board (ISB) provides authorization and oversight for managing large information technology projects administered by executive branch agency staff. ISB is charged with (1) developing state information technology standards; (2) governing acquisitions; (3) reviewing and approving the statewide information technology strategic plans; and (4) developing statewide or inter-agency technical policies.

ISB appoints the members of the State Interoperability Executive Committee (SIEC). SIEC functions as a subcommittee of ISB. SIEC is charged with (1) developing policies and making recommendations for technical standards for state wireless radio communications systems; (2) coordinating and managing the licensing and use of state-designated and licensed radio frequencies; and (3) coordinating the purchase of state wireless radio communications systems.

The K-20 Education Network was established in 1996 as a high-speed, high-capacity network linking colleges, universities, K-12 school districts, and libraries statewide. It is supported through legislative appropriations and user fees. In 2010 the Legislature eliminated the K-20 Educational Network Board and the K-20 Network Technical Steering Committee, placed oversight responsibility with ISB, and left day-to-day network management with DIS.

The state civil service law establishes the state's personnel administration system. Civil service rules apply to non-represented classified employees. The rules may be superseded by collective bargaining agreements applicable to represented employees.

State agencies may contract for services, including services traditionally and historically provided by state employees, if certain criteria are met. These criteria include allowing employee business units to bid for the contract and requiring the contractor to consider employing displaced classified employees.

The state collective bargaining law provides for bargaining by the Governor and representatives of classified employee bargaining units.

Mandatory subjects of bargaining include wages, hours, terms and conditions of employment, and grievance procedures, as well as dollar amounts expended per employee for health care benefits. Permissive subjects of bargaining are health care or other insurance benefits, retirement benefits, certain civil service rules, and union security provisions. Bargaining over management rights is prohibited. Bargaining that affects contracts for services is not prohibited.

Collective bargaining agreements must be submitted to the Office of Financial Management (OFM) by October 1, and to the Legislature as part of the Governor's budget proposal. The

Legislature must accept or reject the request for funds necessary to implement the agreements as a whole.

Summary of Bill: The Office of the Chief Information Officer (Office of CIO) is created within OFM and is vested with some of the policy and planning related functions of DIS. The Office of CIO is headed by a chief information officer who is appointed by the Governor subject to confirmation by the Senate.

Various statements are made regarding the objectives of the Office of CIO:

- Establishing the Office of CIO and partnering it with the Director of Financial Management and the Director of Personnel will provide state government with a cohesive structure necessary to develop improved operating models that will enhance service delivery while also capturing savings.
- The Chief Information Officer (CIO) will use agency information technology (IT) portfolio planning to build a statewide portfolio that may guide resource allocation and prioritization decisions.

The primary duties of the Office of CIO include (1) preparing and leading the implementation of a strategic direction and enterprise architecture for IT for state government; (2) enabling the standardization and consolidation of IT infrastructure to support enterprise-based system development and to improve and maintain service delivery; (3) establishing standards and policies for IT services throughout state government; and (4) establishing statewide architecture to serve as the organizing standard for IT for state agencies.

CIO may employ staff members, who may be exempt from the state civil service law. CIO also may employ staff members as may be necessary in accordance with the state civil service law, except as otherwise provided by law.

The term state agency is defined as every state office, department, division, board, commission, or other state agency, including offices headed by a statewide elected official.

With respect to institutions of higher education, the powers of the Office of CIO apply to the business and administrative applications, but do not apply to academic and research applications.

A nine-member IT Advisory Board (IT Board) is created within the Office of CIO to advise the CIO on IT-related matters. The IT Board consists of at least four private sector representatives and up to four state agency representatives.

The IT Board (1) reviews policies and standards, receives comments from agency executives on the implications of proposed policies and standards, and provides recommendations to CIO; (2) provides a forum to solicit external expertise on developments in IT, enterprise architecture, standards, and policy development; and (3) provides a forum where issues related to IT plans, policies, and standards may be reviewed.

The Office of CIO must develop an enterprise-based strategy for IT in state government that is informed by portfolio management planning and IT expenditure information collected

from state agencies. The Office of CIO also must develop an ongoing enterprise architecture program. This program establishes performance measurement criteria for each initiative and assesses the results quarterly with CIO.

Enterprise architecture refers to an ongoing program for translating business vision and strategy into effective enterprise change.

A number of functions currently performed by ISB, SIEC, and DIS are assumed by the Office of CIO.

ISB is eliminated. Policy and planning related IT powers and duties that are currently delegated to ISB are assumed by the Office of CIO. These functions include the development of:

- statewide technical standards, policies, and procedures for IT;
- standards and policies governing the acquisition and disposition of equipment, software, and personal and purchased services;
- strategic planning goals and objectives, with input from the Legislature and the Judiciary; and
- policies for the periodic review of agency performance, including project management and oversight.

The oversight and management of the K-20 Education Network, which currently resides with ISB, is assumed by the Office of CIO. Expenditures from the Education Technology Revolving Fund, which is used to pay for K-20 Education Network's operations, transport, equipment, and related functions, may be made by CIO.

CIO must appoint the SIEC. The appointment of SIEC currently rests with ISB.

The responsibilities of SIEC are the same as under current law and include (1) developing policies and making recommendations for technical standards for state wireless radio communications systems; (2) coordinating and managing the licensing and use of state-designated and licensed radio frequencies; and (3) coordinating the purchasing of state wireless radio communications systems.

The development of a state strategic IT plan, which is currently performed by DIS, is assumed by the Office of CIO. Agencies continue to develop an IT portfolio and submit this portfolio to the Office of CIO, rather than DIS, for review and approval. In addition, on a biennial basis, each agency prepares and submits to the Office of CIO a biennial performance report that evaluates progress towards its objectives outlined in its IT portfolio.

The Office of CIO assumes the responsibility of evaluating state agency IT budget requests at the request of OFM. This function is currently performed by DIS upon request of OFM.

The Office of CIO assumes responsibility for establishing standards and policies governing the planning, implementation, and evaluation of major IT projects. This function is currently performed by DIS with the approval of ISB.

As of July 1, 2011, the state civil service law does not apply to (1) CIO; (2) CIO's confidential secretary; (3) assistant directors; and (4) other exempt staff members.

The Consolidated Technology Services Agency (CTS Agency) is created as an agency of state government. It replaces DIS and is vested with many of the powers and duties of DIS. The director of the CTS Agency is appointed by the Governor and is subject to confirmation by the Senate.

The provision in current law, which specifies that the use of DIS by agencies is discretionary and that agencies may elect other alternatives for IT service, is removed.

Statements are made regarding the objective and mission of the CTS Agency:

- Establishing a centralized provider and procurer of certain IT services will allow the state to achieve the maximum benefit from advances in IT.
- State agencies must rely on the CTS Agency for those services with a business case of broad use, uniformity, scalability, and price sensitivity to aggregation and volume, in order to ensure the maximum benefit to the state.

The Consolidated Technology Services Board (CTS Board) is created as an 11-member board with seven customer representatives in the position of chief executive officer, chief financial officer, or chief information officer, and four legislative members that will serve as ex-officio members.

The powers and duties of the CTS Board include:

- approving rates for services offered by the CTS Agency;
- approving the budget proposal to OFM for the CTS Agency;
- approving the catalog of services to be provided or procured for client agencies; and
- preparing and submitting performance evaluations of the director of the CTS Agency and of the agency as a whole to the Governor.

The CTS Agency may contract for services, including services customarily and historically provided by state employees. There is no requirement that certain criteria relating to employee business units or displaced classified employees be met. Bargaining over the CTS Agency's decisions and impacts of contracting for services is prohibited.

The Director of the CTS Agency, in consultation with the CTS Board, must set performance targets and approve performance measures for achieving specific goals for the CTS Agency. These performance targets and measures must be submitted to the Governor by January 2012 and include measures of performance related to service delivery and costs; operational efficiencies; and overall customer satisfaction.

As of July 1, 2011, the state civil service law does not apply to the CTS Agency's officers and its unrepresented employees. As of July 1, 2012, the law does not apply to any of the CTS Agency's officers and employees.

A new collective bargaining law provides for bargaining by the Governor and representatives of CTS Agency employee bargaining units. Existing bargaining units and exclusive bargaining representatives are grandfathered.

Mandatory and permissive subjects of bargaining are substantially the same as under the state employee collective bargaining law. Bargaining is prohibited over management rights, as well as over (1) the CTS Agency's right to use a performance-based evaluation system; (2) its discretion to determine levels of employee discipline; and (3) its decisions and impacts of contracting for services.

The process for submitting collective bargaining agreements to OFM and the Legislature are substantially the same as under the state employee collective bargaining law, except that agreements for Fiscal Year 2013 must be submitted by January 15, 2012.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.